

Rep. Baird Fights to Extend Sales Tax Deduction (October 29, 2007)

Washington, D.C. - Continuing his fight to ensure that Washingtonians get tax fairness, Congressman Brian Baird (WA-03), sent the following letter to the Chairman and Ranking Member of the House Ways and Means Committee urging them to include an extension of the state sales tax deduction in a tax extenders package. Sixty-nine of Congressman Baird's colleagues signed onto his letter. Rep. Baird has led the effort in the House to make sales tax deductibility permanent and has consistently worked with colleagues on both sides of the aisle to extend the tax deductions.

"This is about tax fairness for hard-working middle class families," said Congressman Baird. "Washingtonians save millions of dollars from this deduction; money that is used to pay college tuition, fund home improvement projects, and purchase family cars. All of this equals money that is put back into our local economy."

Since he was elected to Congress, tax fairness for Washingtonians has been a top priority for Congressman Baird. In 2004, he worked to form a bipartisan coalition of Senators and Representatives to pass a two-year sales tax deduction into law. Baird has worked continuously since then to extend the deduction and make it permanent. In December 2006, Congressman Baird successfully urged an extension of the deduction before the 109th Congressional session adjourned. That extension is set to expire at the end of this year.

According to the Department of Revenue, Washington residents saved \$355 million in federal taxes in 2004 due to tax deduction for state and local sales tax. Washingtonians who itemize can save, on average, \$500 if they take the sales tax deduction.

The Honorable Charles Rangel

The Honorable Jim McCrery

Chairman

Ranking Member

Committee on Ways and Means

Committee on Ways and Means

U.S. House of Representatives

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Washington, DC 20515

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Dear Chairman Rangel and Ranking Member McCrery,

As Members from states without an income tax, we write to encourage you to include an extension of the state sales tax deduction in any tax extenders package considered by the Committee this year.

As you may know, prior to 1986 the tax code allowed for a sales tax deduction. When the deduction was repealed, it resulted in a significant disparity between states, a disparity which is profoundly unfair. Residents of states that charge income tax could deduct their state income tax from their federal tax bill. However, those living in states without an income tax - states that rely instead on a sales tax - could not deduct their state taxes. These individuals ended up paying significantly more to the federal government than a taxpayer with an identical profile in a different state.

Restoring the sales tax deduction in 2004 was a great victory for our constituents, putting them on equal footing with residents in other states. It has saved taxpayers in our states millions of dollars per year and resulted in a boost to our states' economies. Unfortunately, as you know, the sales tax deduction is set to expire at the end of this year.

We strongly believe that the issue of tax fairness should be a top priority. Residents of our states rightfully expect that they will continue to be treated equally under the law by the federal government, regardless of the tax system elected by their state.

We hope that you will consider making the sales tax deduction permanent, or at least providing for a long-term extension. We frequently hear about the importance of certainty and predictability in our tax code. It is important for taxpayers to know whether a tax deduction or incentive will continue to be available so that they can make important day-to-day decisions. This being said, our goal is to provide the citizens of our states with the same predictability that is provided to residents of states with an income tax, and to preclude the need for another retroactive extension.

The sales tax deduction has received the support of countless individuals and organizations throughout the country, including the National Conference of State Legislators and the Governors from each of the sales tax states.

We strongly urge you to maintain fairness in the tax code, and to provide certainty and predictability to taxpayers, by including a provision to extend the sales tax deduction in any tax extenders package that the Committee may consider before the end of 2007.

We appreciate your commitment to this issue in the past. We thank you for your attention and consideration of this important request, and look forward to working with you.

Sincerely,

/s/

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